

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0498P**

**Gross and Adjusted Gross Income Tax  
Calendar Years 1993, 1994, and 1995**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is incorporated in North Carolina and has an Indiana sales and service location.

Taxpayer was audited for calendar years 1993, 1994, and 1995 that resulted in assessments in 1993 and 1994 and a refund in 1995.

I. **Tax Administration** –Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty for failure to report service receipts at the high rate of tax. Taxpayer had other errors including the failure to addback real estate and property taxes, the Michigan Single Business Tax, and in the calculation of the apportionment factor.

Taxpayer, in a letter dated July 22, 1998 protested penalties assessed because there was no negligence or intentional disregard of Indiana tax regulations, it was its first Indiana income tax audit, the assessment is not a material one, and the issue was something that could have easily been missed.

The Indiana Code and Regulations are clear regarding these issues, therefore, the department finds that a negligence penalty is proper.

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**FINDING**

Taxpayer's protest is denied.